



Virtual Schoolhouse

High Quality Alternative Educational Experience

Received & Inspected

Board Members

Philip Piccus
Sherry Epstein
Lisa Muskal
Paul Burton
Chuck Whitehill

JAN 07 2011

FCC Mail Room

January 6, 2011

VIA Federal Express

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Request for Review

CC Docket No. 96-45 & CC Docket No. 02-6

RE: Form 471 Application Number: 485019
Funding Year: 2005
Applicant's Form Identifier: Virtual yr8#1
Billed Entity Number: 16028595
FCC Registration Number: 0014400410
SPIN: 143022632
Service Provider Name: Techwizards, LLC
Service Provider Contact Person: William Smith, Jr.
Virtual Schoolhouse Contact: Nicki Salfer
Virtual Schoolhouse Inc address: 736 Lakeview Road
Cleveland, OH 44108

Although we have not received a Demand Payment Letter, we are appealing the June 15, 2010 Notification Adjustment Letter for Funding Year 2005: July 1, 2005 – June 30, 2006 on the basis that this issue has already been reviewed extensively by USAC.

As USAC is aware, the original Form 471 Application was filed by Cathy Crytzer, of Educational Funding Group whose address is listed as 25801 Richmond Rd. Cleveland, OH 44146, telephone number 216.831.2526. The Virtual Schoolhouse Board reviewed the Technology Plan at its regularly scheduled January 24, 2005 Board meeting, the same day the Board unanimously approved the Education Funding Group contract (see attached). The reason we were not under contract when we first filed the 471 is that we

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Phone: (216) 541-2048 Fax: (216) 541-2018
www.virtualschoolhouse.org

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had not selected a vendor, which is why Ms. Crytzer used "SLD Interim" in the contractor block. (see attached).

On June 6, 2006, Debbie Cameron of Bearing Point visited Virtual Schoolhouse for a site visit. At that time all relevant contracts and related documentation was extensively reviewed. In denying our appeal, USAC does not dispute the existence of a Technology Plan on file or relevant contracts. As you are aware, the SPIN change for Techwizards, Inc was submitted January 11, 2006. As such, any and all issues relating to Funding year 2005 were addressed and resolved in 2006.

Given the extensive correspondence and review of our Funding year 2005 that occurred in 2006, we do not understand how USAC now finds that our Technology Plan is no longer on file or that there is an issue with any contracts. Again, the funding in question and related paperwork was extensively reviewed by Ms. Cameron during the site visit, again at the time of the original review decision and again during the subsequent appeal. We believe that the attached documentation including the approved Technology Plan properly addresses the issues especially in light of the extensive review already performed in 2006.

Therefore, we request that our appeal of the USAC Commitment Adjustment Decision be granted that no Demand Payment Letter be issued, and that the decision made in 2006 be deemed a final resolution of these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicki Salfer", written in a cursive style.

Nicki Salfer

School Manager, Virtual Schoolhouse



Notification of Commitment Adjustment Letter

Funding Year 2005: July 1, 2005 - June 30, 2006

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June 15, 2010

Nicki Salfer

VIRTUAL SCHOOLHOUSE INC.

2490 Lee Blvd

Cleveland Heights, OH 44118

Re: Form 471 Application Number: 485019
Funding Year: 2005
Applicant's Form Identifier: Virtual yr8#1
Billed Entity Number: 16028595
FCC Registration Number: 0014400410
SPIN: 143022632
Service Provider Name: Techwizards, LLC
Service Provider Contact Person: William Smith Jr

Our routine review of Schools and Libraries Program (Program) funding commitments has revealed certain applications where funds were committed in violation of Program rules.

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the required adjustments to your funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

TO APPEAL THIS DECISION:

You have the option of filing an appeal with USAC or directly with the Federal Communications Commission (FCC).

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRN) you are appealing. Your letter of appeal must include the
 - Billed Entity Name,
 - Form 471 Application Number,
 - Billed Entity Number, and
 - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 S. Jefferson Rd.
P. O. Box 902
Whippany, NJ 07981

For more information on submitting an appeal to USAC, please see the "Appeals Procedure" posted on our website.

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the service provider detailing the necessary service provider action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or your service provider(s) submits to USAC are consistent with Program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: William Smith Jr
Techwizards, LLC

**Funding Commitment Adjustment Report for
Form 471 Application Number: 485019**

Funding Request Number:	1345012
Services Ordered:	INTERNAL CONNECTIONS MNT
SPIN:	143022632
Service Provider Name:	Techwizards, LLC
Contract Number:	C
Billing Account Number:	
Site Identifier:	16028595
Original Funding Commitment:	\$27,000.00
Commitment Adjustment Amount:	\$27,000.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$27,000.00
Funds to be Recovered from Applicant:	\$27,000.00

Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the review it was determined that the applicant did not have a contract in place at the time of submission of the Form 471. This determination was based on the agreement between the applicant and service provider dated August 1, 2005 while the Form 471 was submitted February 18, 2005. FCC rules require applicants to have a valid contract as defined by the applicants state procurement laws and regulations at the time they submit the Form 471. Since the applicant was unable to demonstrate that they had a contract in place at the time of submission of the Form 471 that meets the state laws definition of a valid contract, the commitment has been rescinded in full and USAC will seek recovery of any disbursed funds from the applicant. In addition it was determined that the technology plan for this entity, covering the relevant funding year, was not approved at the time of submission of the Form 486. Program rules require applicants to obtain approval of technology plans by parties qualified to approve technology plans, prior to submitting the Form 486, for services other than basic telecommunications service. This is not a request for basic telecommunications service, therefore, the technology plan for the relevant funding year needed to be approved prior to submitting the Form 486 or the start of services, whichever was earlier. Since this requirement was not met USAC will seek recovery of any improperly disbursed funds from the applicant.

Proposed Board Agenda
Virtual Schoolhouse, Inc. Community School
Monday January 24, 2004
2490 Lee Blvd.
Cleveland Hts., OH 44118
Board Meeting will start at 9:00
Board Training will start at 10:00
Anticipated attendance: Rabbi Abrams, Stuart Mintz, Nicki Salfer, Rabbi Mordechai Salfer, Sherry Epstein, and Frank Stoy

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Meeting Started at _____

I. Call to order: Roll Call

The President calls the meeting to order and calls the roll

____ Rabbi Abrams
____ Stuart Mintz
____ Nicki Salfer
____ Rabbi Mordechai Salfer
____ Sherry Epstein

II. Adopt the proposed agenda

The board members including the administration will review the agenda and make any additions or deletions to the agenda. The board must approve the agenda.

The director recommends the board approve the agenda (as amended)

____ Rabbi Abrams
____ Stuart Mintz
____ Nicki Salfer
____ Rabbi Mordechai Salfer
____ Sherry Epstein

III. Board recognition and awards

- a. Student of the month- Arielle Travis
- b. Parent Volunteer of the month- Lisa Muscal

IV. Public Input- State board policy on any limits of public input, e.g. Please preface your comments with your name, address, and group affiliation. When circumstances created time constraints, comments may be limited to two minutes as stipulated in Board Bylaws 0169.1.

V. Approval of the minutes- The board notes any corrections needed in the minutes provided to each member before hand and approves the minutes (as amended)

____ Rabbi Abrams
____ Stuart Mintz
____ Nicki Salfer
____ Rabbi Mordechai Salfer
____ Sherry Epstein

VI. Board Committee issues

- A. Curriculum- review report from planning committee for federal programs. Report from Ron Stuart
- B. Technology Plan- IT services through Tree of Knowledge. IT includes server, computer, curriculum software, cable, and maintenance.
- C. The revised Ace software agreement.
- D. Wickliffe errors
- E. Current status with lawsuits of charter school.
- F. Staff contracts through Tree of Knowledge

- G. Policies:
 - Weapons
 - Student Records
- H. Board insurance ✓

VII. Treasurer's report- must be approved by the board

_____ Rabbi Abrams
_____ Stuart Mintz
_____ Nicki Salfer
_____ Rabbi Mordechai Salfer
_____ Sherry Epstein

VIII. Adjournment – the board's business is concluded, motion to adjourn

_____ Rabbi Abrams
_____ Stuart Mintz
_____ Nicki Salfer
_____ Rabbi Mordechai Salfer
_____ Sherry Epstein

The next regular meeting will be at March 1, 2005
2490 Lee Blvd., Cleveland Hts., OH.

Technology Plan

Mission Statement:

As part of its overall mission to be a virtual, online school designed for any student who lives in Ohio, the school's technology plan is designed to promote competence and ease of access to information and educational curriculum, students, teachers, parents and other learners of all ages. (Proposed to Board of Directors at its regular meeting, January 24, 2004.

Technology Advisory Committee:


The committee includes educators, parents, technology experts and other community members to insure that the plan developed meets a broad range of needs. Committee members are:

Demitri Meltok - SchoolTech Solutions
VSH Board of Directors
Sylvia Naylor –
Brooke Campana –
Nicki Salfer- Head of School

Reporting process:

The committee will review the technology plan annually and revise or update as needed. Prior to the end of each school year, the committee members will review a report of the students' and schools' progress with respect to the goals the technology plan addresses. All meetings will be posted and open to the public. The Committee's assessment of the progress and needs remaining to be met will be published in the Annual Report.

Budget Allocation:

The long – term budget of  includes provisions to implement and maintain the plan. These include:

1. Each child to have their own computer.
2. Computers available at their center in tutor rooms.
3. Computer lab at the center.

Teaching Staff—Professional development—technology training—professional days as built into the school calendar as well as funds allocated for professional development.

Telecommunication services

TOK, home of VSH, is wired throughout with a DSL line.

Computer hardware and software: VSH currently has desktop computer systems available for student and teacher use; an additional 3 administration desktop systems, 1 library computer for circulation and desktop publishing software are available. Some standard educational software has been purchased for the use of the youngest students.

Funding sources include:

The above hardware and software were purchased primarily with funding from the state per pupil funds.

VSH anticipates allocating a percentage of title monies to technology development and maintenance each year, but additional grants will need to be obtained to fully meet our technology goals.

Spending priorities:

The attached spreadsheet fully details the technology goals and budgeting needs. The priorities for the current school year are to support the purchase of software for our own existing student desktop systems; the second priority is to have printing capability for each computer as well as peripheral hardware, such as digital cameras and associated peripherals, to document and support student learning and individual instruction. We are currently installing a network that prevents students and other users from being exposed to inappropriate materials. The home computers will also only have Dialup to the network.

Note: Details of the objectives, timeline and the year budget are attached as well as a VSH developmental curriculum in the area of technology.

Professional Development

The current teaching and administrative staff are all computer literate, and are motivated to expand personal skills as well as to develop more ways to integrate technology in real world ways to compliment the curriculum.

VSH budget allocates funds for professional development that permits teachers to pursue additional training, including in technology.

The technology staff is able to provide additional assistance to teachers, including during scheduled professional development days.

*Approved by Ed. (unmarked)
by: [Signature]*

Virtual Schoolhouse, Inc. Community School

Board Minutes Monday, January 24, 2005 Held at 2490 Lee Blvd., Cleveland Hts., OH

I. Call to Order: roll Call:

The Board meeting was called to order at 9:00am by Board President, Rabbi Abrams.

Present: Rabbi Abrams; Sherry Epstein; Rabbi Mordechai Salfer; and Nechama Salfer;

Non-members present: William Lauderman and Frank Stoy as guests of board.

Absent: Stuart Mintz.

II. Adoption of the Proposed Agenda:

Mrs. Salfer presented the proposed agenda (as amended) for Board approval. Mrs. Epstein moved that the agenda be approved, with Rabbi Abrams seconding. All those eligible to vote did, and the motion passed unanimously.

III. Board Recognition and Awards:

Mrs. Salfer presented the student of the month: Arielle Travis and the Parent Volunteer of the month: Mrs. E. Travis.

Virtual Schoolhouse currently has approximately 290 students, 70% of which are special needs. Due to space constrictions, VSH is looking for a larger facility.

IV. Public Input:

There were no individuals wishing to speak.

V. Approval of the minutes (as amended)

Rabbi Abrams presented the minutes from the meeting held on December 1, 2004. Rabbi Salfer moved to approve the minutes, Mrs. Salfer seconded, and following a vote of all those eligible to vote, the motion passed unanimously.

VI. Board Committee Issues:

- A. Curriculum - the Report from Ron Stuart was reviewed and discussed.
- B. Technology Plan – IT services and other technology issues were reviewed and discussed.

- C. Contract with Educational Funding Group was reviewed and discussed. Rabbi Abrams moved to approve the contract, Mrs. Salfer seconded, and the motion was passed unanimously by all those eligible to vote.
- D. The revised Ace Software Agreement was reviewed and discussed. Rabbi Salfer moved to approve, Rabbi Abrams seconded, and the motion was passed unanimously.
- E. The Wickliffe payment errors were explained by Mrs. Salfer.
- F. The current state of the lawsuits concerning charter schools was then addressed. Mrs. Salfer brought up that all charter schools are being asked to donate to the legal defense fund. Following input from Mr. Lauderman and Mr. Stoy, Mrs. Salfer moved that the board recommend an initial contribution of \$2,500 for the year and that parents be notified of the situation. Rabbi Abrams seconded. Following a poll of all those eligible to vote, the motion passed unanimously.
- G. Mrs. Salfer then requested from the board to authorize Yocheved Levin-Belsky to sign documents on behalf of Virtual Schoolhouse. Rabbi Abrams moved to so approve, Rabbi Salfer seconded and the motion passed unanimously.
- H. Mrs. Salfer then discussed staff contracts through Tree of Knowledge, as follows; Employee Leasing Agreement, Technology Service Agreement, and Tutoring Services Agreement. Each of the agreements were reviewed by the board and found to be acceptable. Rabbi Abrams moved that all three contracts be accepted, Mrs. Epstein seconded, and the motion was unanimously passed.
- I. Mrs. Salfer then submitted the policies governing weapons and moved that the Board accept the policy. Mrs. Epstein seconded, and the motion was unanimously passed.
- J. Mrs. Salfer then presented the policy on student records which she recommended the Board approve. Rabbi Salfer seconded, and following a polling of all those eligible to vote, the motion unanimously passed.
- K. Mrs. Salfer then lead the discussion on the current state of Board insurance.

VII. Treasurer's Report:

William Lauderman then led a detailed discussion about the current Treasurer's report, answering various Board question. Following the discussion, Mrs. Epstein moved that the Report be approved, Rabbi Abrams seconded, and the Report was unanimously accepted.

VIII. Adjournment:

There being no further business, Rabbi Abrams moved that the meeting be adjourned, so that the Board Educational seminar on Ethics could begin. Rabbi Salfer seconded the motion, and the motion passed unanimously. The Board was reminded that the next meeting would be March 1, 2005, and the meeting adjourned at 10:30 am.

*Respectfully submitted,
Shirley Epstein*

**Agreement By and Between
Educational Funding Group, Inc. and Virtual Schoolhouse Inc.**

For Funding Year July 1, 2005 – June 30, 2006

I. Parties and Commencement of Contract

This Agreement (hereinafter "Agreement") is entered into by and between Virtual Schoolhouse Inc. (VSI) (hereinafter "VSI") and Educational Funding Group, Inc., (hereinafter "EFG") at Cleveland, Ohio. VSI and EFG may be hereinafter referred to individually as "Party" or collectively as "Parties". That in consideration of the mutual covenants and agreements to be kept and performed on the part of said Parties hereto as herein stated the Parties agree as follows:

This Agreement shall become effective when signed by both Parties hereto.

This Agreement may be terminated immediately by either Party upon any breach by the other Party of any terms or conditions contained herein. Any such termination shall be presented to the other Party in writing.

No termination of this Agreement shall release either Party from its obligation to pay the other Party any amounts which accrued prior to such termination or which shall accrue after such termination.

Incorporated into this Agreement is the following:

- Appendix A. "Statement of Work"

1.01 Recitals

WHEREAS, EFG is in the business of network planning, systems improvements and upgrades, engineering voice, data, and video systems, project management, and associated preparing and filing e-rate forms with the Schools and Libraries Division (hereinafter "SLD") of the Universal Services Administrative Corporation (hereinafter USAC"); and,

WHEREAS, EFG represents it possesses the qualifications, resources, and experienced, qualified personnel to provide such services.

WHEREAS, in order to collect e-rate data and to meet the anticipated deadline for e-rate filings and in order for the VSI to be eligible for SLD e-rate funds there is a significant amount of work that must be performed prior to filing Federal Communications Commission's (hereinafter "FCC") Forms 470 and 471;

NOW, THEREFORE, in consideration of the mutual promises herein contained and intending to be legally bound hereby, the parties agree as follows:

II. Scope of Work

2.01 VSI agrees to retain EFG as its contractor to perform all work set forth in Appendix A. of this Agreement subject to the terms and conditions set forth herein.

2.02 EFG will perform work for the current funding year through the administrative and regulatory approval process. EFG will prepare and process all necessary e-rate applications and forms on behalf of VSI. Administrative appeals of adverse decisions, if any, are included in the fees. Specifically excluded are any appeals to federal courts.

2.03 EFG's work commitment will include areas of Telecommunications, Internal Connections, Internet Access, intranet, interface with local exchange companies, new exchange providers, information services, leased lines, internal connections, electronic mail, and transmission of information as part of a gateway to an information service. Also included are consulting services and advice on associated maintenance requirements.

2.04 Internet access will include advice and assistance necessary to implement a robust and cost effective network and its related maintenance.

2.06 EFG will provide the following services as required: systems design, planning, systems integration, project management, bid review, and contract preparation, negotiation, and review. These functions will be performed with input from and in close cooperation with the VSI.

2.07 The scope of service provided by EFG will include review of the following:

- a. Technology Plans
- b. Inventory of existing communications equipment
- c. Budget for the current application
- d. Existing expenditures for the network
- e. All other existing communications expenditures
- f. Experience and training received by the staff and training budgeted for the current and future years
- g. Existing and budgeted maintenance contracts
- h. Item 25 selective review

2.08 Except as otherwise provided herein EFG will perform all work associated with the 2005 funding year e-rate.

- 2.09** EFG will also counsel on eRate rules and regulations, provided that EFG will not render any legal, or regulatory advice. Such advice, if any, will only be provided by an experienced regulatory attorney selected by EFG.

III. Term

The term of this Agreement shall commence upon the date first set forth above and shall expire on June 30, 2006. This contract is for Year 8 e-rate only.

IV. Independent Contractor

The parties acknowledge and agree that EFG is an independent contractor.

V. VSI's Payment Obligation to EFG

Total Fee: EFG's fee for its services is ten percent (10%) of the total SLD approved and disbursed funds.

Payment of EFG's fee shall be made in the following installments:

- a) **First Installment:** The first installment of 3.5% of the pre-discounted requested funding, excluding internal connections, is due EFG upon the VSI's submission of the FCC Form 471 to the SLD.
- b) **Second Installment:** An additional 2.5% of the total approved funding is due EFG upon VSI's receipt of an SLD funding notification letter (FCDL).
- c) **Third Installment:** An additional 2.5% of the total approved funding is due EFG two (2) months after VSI receives the SLD funding notification letter (FCDL).
- d) **Final Installment:** The balance of EFG's fee shall be paid at the end of the funding year. Any necessary adjustments will be made according to the program year final accounting and will be based upon the amount of funding actually used.*

* If an SLD decision is appealed, final payment shall be made when VSI is notified that the appeal has been successful.

All payments due under the terms of this Agreement shall be made promptly.

**All fees shall be remitted to EFG's office: 25801 Richmond Road
Bedford Heights, Ohio 44146**

VI. Mutual Cooperation

6.01 Time is of the essence in performing all work under this Agreement.

6.02 The Parties shall cooperate with each other in the performance of their services hereunder, including securing and providing all information and data in a timely manner so that all filings are completed in a timely manner.

VII. Confidentiality

7.01 Confidential Information.

The parties acknowledge in the course of negotiations, contract(s) or dealings, with EFG, the school VSI may receive certain proprietary or confidential information from or about the EFG and its affiliate, officers, owners, directors or employees; said confidential information consisting of, but not limited to:

- (a) Technical information: Methods, processes, formulae, compositions, systems, techniques, inventions, machines, computer programs and research projects.
- (b) Business information: Customer lists, names of potential customers, proposed business transactions with third parties, pricing data, sources of supply, financial data and marketing, production, or merchandising systems or plans.
- (c) Other confidential and proprietary information relating to EFG or its business whether provided orally or in writing.
- (d) All such technical, financial or other business information supplied by EFG to Vendor or its Representatives is hereinafter referred to as "Information."

7.02 Non-Disclosure Obligation.

For good consideration, VSI as well as any of its Representatives receiving Information agrees and shall keep such Information confidential, and shall not disclose or divulge, in whole or in part, to others, other than to its Representatives who need to know such Information in connection with the VSI's negotiations, contract(s) or involvement with EFG, who shall be informed of the confidential nature of the Information and who shall be required by VSI to treat such Information confidentially.

7.03 Non-Use Obligation

In addition to its obligation of non-disclosure hereunder, VSI agrees that it will not, directly or indirectly, attempt to appropriate or otherwise for its or other parties benefit the Information of EFG.

VIII. Assignment

Neither Party may assign this Agreement or any right or interest herein, without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

IX. Miscellaneous

- 9.01** Any amendment, supplement, or waiver of any provision of this Agreement must be in writing and signed by authorized representatives of both parties.
- 9.02** This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns.
- 9.03** All agreements and covenants herein are severable, and in the event any of them is held to be invalid by any competent court, the Agreement will be interpreted as if such invalid agreements or covenants were not contained herein. The parties further agree that in the event such portion is an essential part of this Agreement, they will immediately begin negotiations for a replacement.
- 9.04** BFG will comply with all applicable federal, state, county and local laws, ordinances, regulations and codes in the performance of their obligations hereunder.
- 9.05** No waiver by any party of the breach of any term or provision of the Agreement will be construed to be a waiver of any proceeding or succeeding breach of the same or any other term or provision.

X. General Provisions

This Agreement constitutes the entire understanding and agreement between the Parties hereto with respect to the matters herein, and supersedes all prior or contemporaneous representations or agreements, written or oral, with respect to the matters covered herein.

Nothing in this Agreement is intended to create, or shall be construed as creating, a joint venture, partnership, agency, or taxable entity between the Parties, or any right to pledge the other's credit.

This Agreement may not be altered, modified, amended or waived, in whole or in part, in any way, except as provided herein in accordance with Section I and Appendix A contained herein.

Neither Party shall be deemed in default if its performance or obligations hereunder are delayed or become impossible or impractical by reason of any act of God, war, fire, earthquake, labor dispute, accident, civil commotion, epidemic, or any other cause beyond such Party's reasonable control.

APPENDIX A. STATEMENT OF WORK

CONTRACT MANAGEMENT

- Assist in contract management.
- Design E-Rate billing system, if required.
- Train Client personnel regarding billing issues, if required.
- Interface with vendors.
- Consult with Client to insure vendors provide information, data, service, and products in compliance with E-Rate rules and regulations to obtain maximum funding.

CONTRACT ISSUES

- Draft and review telecom proposals, bids prepared by the «DistOrSchool», and contracts.
- Work under direction of Client's legal counsel on contract issues, as required.

SLD PROCESS

- Advise Client on responding to SLD problem resolution and audit.
- Respond to all SLD questions, request for documents, issues. Retain all files for Client for audit purposes. (Five-year record retention is mandatory.)

LEGAL CONSULTATION

- Work under direction of Client's legal counsel on regulatory issues.
- Monitor and keep Client advised of latest E-Rate, Federal Communications Commission issues, and rulings.
- Experienced telecommunications attorney will be retained by EFG for E-Rate, contract, telecommunications and regulatory issues. Attorney has prior E-Rate, regulatory experience. (EFG will not perform legal work.)

E-RATE FILING

- Evaluate and document support for 470s.
- Prepare 470s.
- Prepare 471s.
- Deliver to SLD or appropriate regulatory body.

The 471 application was submitted by Cathy Crytzer with a service provider and spin number for SLD Interim, a number used when you have not selected a provider.

At some point, the service provider was changed from SLD Interim to our current provider TechWizards after we started working with them in 2005

TechWizards had provided services for the entire funding year therefore the funding was requested

Copy of 471 application as submitted by Cathy Crytzer

FCC Form 471	Do not write in this area.	Approval by OMB 3060-0806
Schools and Libraries Universal Service Description of Services Ordered and Certification Form 471 Estimated Average Burden Hours per Response: 4 hours		
<p>This form asks schools and libraries to list the eligible telecommunications-related services they have ordered and estimate the annual charges for them so that the Fund Administrator can set aside sufficient support to reimburse providers for services.</p> <p>Please read instructions before beginning this application. (You can also file online at www.sl.universalservice.org.)</p> <p>The instructions include information on the deadlines for filing this application.</p>		
Applicant's Form Identifier (Create your own code to identify THIS form 471)		Form 471 Application# (To be assigned by administrator)
Virtual yr8#1		485019
Block 1: Billed Entity Information (The "Billed Entity" is the entity paying the bills for the service listed on this form.)		
1 a	Name of Billed Entity VIRTUAL SCHOOLHOUSE INC.	
2 a	Funding Year: July 1, 2005 Through June 30: 2006	
	Billed Entity Number: 16028595	
4 a	Street Address, P.O. Box, or Routing Number 2490 LEE BLVD.	
	City CLEVELAND HEIGHTS	
	State OH	Zip Code 44118
5 a	Type of Application <div style="margin-left: 20px;"> <input checked="" type="checkbox"/> Individual School (individual public or non-public school) <input type="checkbox"/> School District (LEA, public or non-public [e.g. diocesan] local district representing multiple schools) <input type="checkbox"/> Library (including library system, library outlet/branch or library consortium as defined under LSTA) <input type="checkbox"/> Consortium <input type="checkbox"/> Check here if any members of this consortium are ineligible or non-governmental entities </div>	
6	Contact Person's Name Cathy Crytzer	
First, if the Contact Person's Street Address is the same as in Item 4, check this box <input checked="" type="checkbox"/> If not, please complete the entries for the Street Address below.		
b	Street Address, P.O. Box, or Routing Number 25801 Richmond Road	

City	Cleveland	
State	OH	Zip Code 44146

Page 1 of 7



FCC Form 471 - November 2004

Entity Number	<u>16028595</u>	Applicant's Form Identifier	<u>Virtual vr#1</u>
Contact Person	<u>Cathy Crytzer</u>	Phone Number	<u>216-831-2626</u>

This information will facilitate the processing of your applications. Please complete all rows that apply to services for which you are requesting discounts. Complete this information on the FIRST Form 471 you file, to encompass this and all other Forms 471 you will file for this funding year. You need not complete this information on subsequent Forms 471. Provide your best estimates for the services ordered across ALL of your Forms 471.

Schools/school districts complete Item 7. Libraries complete Item 8. Consortia complete Item 7 and/or Item 8.

Block 2: Impact of Services Ordered on Schools

IF THIS APPLICATION INCLUDES SCHOOLS...		BEFORE ORDER	AFTER ORDER
7a	Number of students to be served		222
b	Telephone service: Number of classrooms with phone service	20	20
d	Direct broadband services: Number of buildings served at the following speeds: Less than 10 mbps	1	1
e	Direct connections to the Internet: Number of drops	125	250
f	Number of classrooms with Internet access	20	20
g	Number of computers or other devices with Internet access	126	250

Block 3: Impact of Services Ordered on Libraries**NOT APPLICABLE AS THIS APPLICATION IS FOR SCHOOL**

Student Count: 222
 Worksheet A No: 707376
 Weighted Product (Sum, Column 8): 199.8

Shared Discount: N/A

1. School Name: VIRTUAL SCHOOLHOUSE INC.
2. Entity Number: 16028595 NCES:
3. Rural/Urban: Urban
4. Student Count: 222
5. NSLP Students: 191
6. NSLP Students/Students: 86.036%

7. Discount: 90%
9. Pre-K/Adult Ed/Juv:

8. Weighted Product: 199.8
10. Alt Disc Mech:

FRN: 1345012 FCDL Date:	
10. Original FRN:	
11. Category of Service: Basic Maintenance of Internal Connections	12. 470 Application Number: 844040000535024
13. SPIN: 143666666	14. Service Provider Name: SLD Interim
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: C
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number:	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 02/11/2005	18. Contract Award Date: 02/18/2005
19a. Service Start Date: 07/01/2005	19b. Service End Date:
20. Contract Expiration Date: 06/30/2006	
21. Attachment #: Maintenance	22. Block 4 Entity Number: 16028595
23a. Monthly Charges: \$0.00	23b. Ineligible monthly amt.: \$0.00
23c. Eligible monthly amt.: \$0.00	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$0.00	
23f. Annual non-recurring (one-time) charges: 30000	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$30,000.00	
23i. Total program year pre-discount amount (23e + 23h): \$30,000.00	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$27,000.00	

Do not write in this area.

Application ID:485019


Entity Number	<u>16028595</u>	Applicant's Form Identifier	<u>Virtual yr8#1</u>
Contact Person	<u>Nicki Salfer</u>	Phone Number	<u>216-932-2048</u>

Block 6: Certifications and Signature

24. ☒ I certify that the entities listed in Block 4 of this application are eligible for support because they are: (check one or both)
- a. ☒ schools under the statutory definitions of elementary and secondary schools found in the **No Child Left Behind Act of 2001, 20 U.S.C. Secs. 7801(18) and (38)**, that do not operate as for-profit businesses, and do not have endowments exceeding \$50 million; and/or
- b. ☐ libraries or library consortia eligible for assistance from a State library administrative agency under the Library Services and Technology Act of 1996 that do not operate as for-profit businesses and whose budgets are completely separate from any schools including, but not limited to elementary, secondary schools, colleges, or universities
25. ☒ I certify that the entity I represent or the entities listed on this application have secured access, separately or through this program, to all of the resources, including computers, training, software, internal connections, maintenance, and electrical capacity, necessary to use the services purchased effectively. I recognize that some of the aforementioned resources are not eligible for support. I certify that the entities I represent or the entities listed in this application have secured access to all of the resources to pay the discounted charges for eligible services from funds to which access has been secured in the current funding year. I certify that the Billed Entity will pay the non-discount portion of the cost of the goods and services to the service provider(s).

- | | | |
|----|--|--------------|
| a. | Total funding year pre-discount amount on this Form 471 (Add the entities from Item 23l on all Block 5 Discount Funding Requests.) | \$30,000.00 |
| b. | Total funding commitment request amount on this Form 471 (Add the entities from Items 23K on all Block 5 Discount Funding Requests.) | \$27,000.00 |
| c. | Total applicant non-discount share (Subtract Item 25b from Item 25a.) | \$3,000.00 |
| d. | Total budgeted amount allocated to resources not eligible for E-rate support | \$500,000.00 |
| e. | Total amount necessary for the applicant to pay the non-discount share of the services requested on this application AND to secure access to the resources necessary to make effective use of the discounts. (Add Items 25c and 25d.) | \$503,000.00 |
| f. | <input type="checkbox"/> Check this box if you are receiving any of the funds in Item 25e directly from a service provider listed on any Forms 471 filed by this Billed Entity for this funding year, or if a service provider listed on any of the Forms 471 filed by this Billed Entity for this funding year assisted you in locating funds in Items 25a. | |

26. ☒ I certify that all of the schools and libraries or library consortia listed in Block 4 of this application are covered by technology plans that are written, that cover all 12 months of the funding year, and that have been or will be approved by a state or other authorized body, and an SLD-certified technology plan approver, prior to the commencement of service. The plans are written at the following level(s):
- a. ☒ an individual technology plan for using the services requested in this application; and/or
- b. ☐ higher-level technology plan(s) for using the services requested in this application; or
- c. ☐ no technology plan needed; applying for basic local, cellular, PCS, and/or long distance telephone service and/or voice mail only.

27. ☒ I certify that I posted my Form 470 and (if applicable) made my RFP available for at least 28 days before considering all bids received and selecting a service provider. I certify that all bids submitted were carefully considered and the most cost-effective service offering was selected, with price being the primary factor considered, and is the most cost-effective means of meeting educational needs and technology plan goals.
- 
- 0 4 7 0 0 1 0 1 0
28. ☒ I certify that the entity responsible for selecting the service provider(s) has reviewed all applicable FCC, state, and local procurement/competitive bidding requirements and that the entity or entities listed on this application have complied with them.
29. ☒ I certify that the services the applicant purchases at discounts provided by 47 U.S.C. Sec. 254 will be used solely for educational purposes and will not be sold, resold, or transferred in consideration for money or any other thing of value, except as permitted by the Commission's rules at 47 C.F.R. Sec. 54.500(k). Additionally, I certify that the Billed Entity has not received anything of value or a promise of anything of value, other than services and equipment requested under this form, from the service provider(s) or any representative or agent thereof or any consultant in connection with this request for services.
30. ☒ I certify that I and the entity(ies) I represent have complied with all program rules and I acknowledge that failure to do so may result in denial of discount funding and/or cancellation of funding commitments. There are signed contracts covering all of the services listed on this Form 471 except for those services provided under non-contracted tariffed or month-to-month arrangements. I acknowledge that failure to comply with program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.
31. ☒ I acknowledge that the discount level used for shared services is conditional, for future years, upon ensuring that the most disadvantaged schools and libraries that are treated as sharing in the service, receive an appropriate share of benefits from those services.
32. ☒ I certify that I will retain required documents for a period of at least five years after the last day of service delivered. I certify that I will retain all documents necessary to demonstrate compliance with the statute and Commission rules regarding the application for, receipt of, and delivery of services receiving schools and libraries discounts, and that if audited, I will make such records available to the Administrator. I acknowledge that I may be audited pursuant to participation in the schools and libraries program.
33. ☒ I certify that I am authorized to order telecommunications and other supported services for the eligible entity(ies) listed on this application. I certify that I am authorized to submit this request on behalf of the eligible entity(ies) listed on this application, that I have examined this request, that all of the information on this form is true and correct to the best of my knowledge, that the entities that are receiving discounts pursuant to this application have complied with the terms, conditions and purposes of this program, that no kickbacks were paid to anyone and that false statements on this form can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under the Title 18 of the United States Code, 18 U.S.C. Sec. 1001 and civil violations of the False Claims Act.
34. ☒ I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I will institute reasonable measures to be informed, and will notify USAC should I be informed or become aware that I or any of the entities listed on this application, or any person associated in any way with my entity and/or entities listed on this application, is convicted of a criminal violation or held civilly liable for acts arising from their participation in the schools and libraries support mechanism.
35. ☒ I certify that if any of the Funding Requests on this Form 471 are for discounts for products or services that contain both eligible and ineligible components, that I have allocated the cost of the contract to eligible and ineligible companies as required by the Commission's rules at 47 C.F.R. Sec. 54.504(g)(1),(2).
36. ☒ I certify that this funding request does not constitute a request for internal connections services, except basic maintenance services, in violation of the Commission requirement that eligible entities are not eligible for such

support more than twice every five funding years beginning with Funding Year 2005 as required by the Commission's rules at 47 C.F.R. Sec. 54.506(c).

37. ☒ I certify that the non-discounted portion of the costs for eligible services will not be paid by the service provider. The pre-discount costs of eligible services features on this Form 471 are net of any rebates or discounts offered by the service provider. I acknowledge that, for the purpose of this rule, the provision, by the provider of a supported service, of free services or products unrelated to the supported service or product constitutes a rebate of some or all of the cost of the supported services.

38. Signature of authorized person

39. Signature Date 2/18/2005

The Americans with Disabilities Act, the Individuals with Disabilities Education Act and the Rehabilitation Act may impose obligations on entities to make the services purchased with these discounts accessible to and usable by people with disabilities.

NOTICE: Section 54.504 of the Federal Communications Commission's rules requires all schools and libraries ordering services that are eligible for and seeking universal service discounts to file this Services Ordered and Certification Form (FCC Form 471) with the Universal Service Administrator. 47 C.F.R. § 54.504. The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended. 47 U.S.C. § 254. The data in the report will be used to ensure that schools and libraries comply with the competitive bidding requirement contained in 47 C.F.R. § 54.504. All schools and libraries planning to order services eligible for universal service discounts must file this form themselves or as part of a consortium.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or a potential violation of any applicable statute, regulation, rule or order, your application may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government is a party of a proceeding before the body or has an interest in the proceeding. In addition, consistent with the Communications Act of 1934, FCC regulations and orders, the Freedom of Information Act, 5 U.S.C. § 552, or other applicable law, information provided in or submitted with this form or in response to subsequent inquiries may be disclosed to the public.

If you owe a past due debt to the Federal government, the information you provide may also be disclosed to the Department of the Treasury Financial Management Service, other Federal agencies and/or your employer to offset your salary, IRS tax refund or other payments to collect that debt. The FCC may also provide the information to these agencies through the matching of computer records when authorized.

If you do not provide the information we request on the form, the FCC may delay processing of your application or may return your application without action.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the reporting burden to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, DC 20554.

Please submit this form to:

SLD-Form 471
P.O. Box 7026
Lawrence, Kansas 66044-7026

**For express delivery services or U.S. Postal Service, Return Receipt Requested,
mail this form to:**

SLD Forms
ATTN: SLD Form 471
3833 Greenway Drive
Lawrence, Kansas 66046
(888) 203-8100